

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-278-C - ORDER NO. 2004-426
SEPTEMBER 29, 2004

IN RE: Application of Telrite Corporation for a)	ORDER
Certificate of Public Convenience and)	GRANTING
Necessity to Operate as a Reseller of)	CERTIFICATE FOR
Interexchange Telecommunications Services)	INTEREXCHANGE
within the State of South Carolina)	AUTHORITY

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of Telrite Corporation (“Telrite” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2003) and the general regulatory authority of the Commission. Telrite also requested waiver of the Commission regulation which requires the Company to maintain its books and records within the State of South Carolina.

The Commission’s Executive Director instructed Telrite to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Telrite and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Telrite complied with this instruction and

provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on February 26, 2004, at 11:30 a.m. in the Commission's Hearing Room, Columbia, South Carolina. The Honorable Mignon Clyburn, Chairman, presided. Telrite was represented by John J. Pringle, Jr., Esquire. Jocelyn Boyd, Esquire, represented the Commission Staff.

Darryl E. Davis, CEO, appeared and testified in support of the Application. The record reveals that Telrite is incorporated in Georgia and registered to transact business in South Carolina as a foreign corporation. According to Mr. Davis, Telrite proposes to operate as a reseller of intrastate interexchange telecommunications services to the public on a statewide basis and to offer a wide range of "1+" direct dialed interexchange telecommunications services on a resale basis.

Specifically, Telrite seeks authority to provide interLATA, intraLATA, direct dialed services including (1+) service, flat rate service, 800 inbound service and travel cards. Telrite's services will be provided to business customers and will be offered twenty-four hours per day, seven days a week. It does intend to telemarket its services in South Carolina and to employ independent sales agents. Mr. Davis explained the Company's request for authority, and the record further reveals the Company's services, operations, and marketing procedures.

Mr. Davis also discussed Telrite's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Mr. Davis offered that Telrite possesses sufficient financial resources to support its operations in South Carolina.

A late-filed financial statement was received, which showed a reasonable financial position. With regard to management and technical capabilities, Mr. Davis testified that Telrite was licensed, at the time of the hearing, to provide telecommunications services in 10 states, with pending certification in 9 states. The Company has not been denied a license in any of the states in which it has applied, has had no licenses revoked in any jurisdictions, nor has it been the subject of any investigations by any governmental regulatory agencies. The Company's Application and Mr. Davis' testimony both evidence that Telrite's management team has extensive experience in both marketing and communications. Mr. Davis also testified that Telrite will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Mr. Davis testified that Telrite has no plans to maintain offices within South Carolina. Accordingly, Telrite requests a waiver of 26. S.C. Code Regs. 103-610 which requires a telephone utility to maintain its books and records within the State of South Carolina. Because Telrite will not have an office within South Carolina, Mr. Davis testified that Telrite requests permission to keep its books and records at its offices in Georgia. Mr. Davis also stated that Telrite would make its books and records available to the Commission and the Staff on an expedited basis and at the Company's costs.

Mr. Davis offered that approval of Telrite's Application would serve the public interest by increasing the level of long distance competition in South Carolina, by providing a high-quality alternative of long distance service, and by increasing consumer awareness of options and services available, thus encouraging the growth and success of competitive services.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Telrite is organized as a corporation under the laws of the State of Georgia and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Telrite wishes to begin offering its services in the State of South Carolina. Telrite has no reported record of violations of regulatory laws or regulations in the jurisdictions in which it is currently operating.

3. Telrite desires to operate as a reseller of interexchange telecommunications services in South Carolina.

4. We find that Telrite possesses the managerial experience and capability to operate as a non-facilities based reseller of interexchange services in South Carolina.

5. We further find, based on the financial records and balance sheets submitted by the Company, that Telrite possesses sufficient financial resources to provide the services as described in its Application.

6. We finally find that the issuance of a Certificate of Public Convenience and Necessity to Telrite to operate as a reseller of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by increasing the level of long distance competition in South Carolina, by providing an

alternative of long distance service, and by increasing consumer awareness of options and services available, thereby encouraging growth and success of competitive services.

7. We find that the requested waiver of 26 S.C. Code Regs. 103-610 should be granted and that Telrite should be allowed to keep its books and records at its offices in Georgia. Because Telrite will not have offices in South Carolina, strict compliance with Reg. 103-610 would present a hardship on Telrite. We further find granting this waiver to be in the public interest.

CONCLUSIONS OF LAW

1. The Commission concludes that Telrite possesses the managerial, technical, and financial resources to provide the interexchange telecommunications services as described in its application.

2. The Commission concludes that Telrite will participate in the support of universally available telephone service at affordable rates to the extent that Telrite may be required to do so by the Commission.

3. The Commission concludes that Telrite will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of Telrite's Application to provide intrastate interexchange telecommunications services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina's consumers and by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of interexchange telecommunications service by Telrite will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by Telrite and as set forth in its Application, is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Telrite to provide intrastate interexchange service via resale.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Telrite to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Telrite for its resale of services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Telrite shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Telrite shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2003).

4. If it has not already done so by the date of issuance of this Order, Telrite shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Telrite is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Telrite shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Telrite changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Telrite shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, Telrite shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

9. Telrite shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Telrite shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.state.sc.us/reference/forms.asp. The title of this form is "Annual Report for Interexchange Companies." This form shall be utilized by the Company to file annual financial information with the Commission and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission no later

than **October 1st** of each year. The proper form for filing gross receipts information can be found at the Commission's website at www.psc.state.sc.us/reference/forms.asp, and the appropriate form is entitled "Gross Receipts for Utility Companies."

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Telrite shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/reference/forms.asp; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

12. At the hearing, Telrite requested a waiver of 26 Code Regs. 103-610 (Supp. 2003), which requires that records required by the Commission's Rules and Regulations be maintained in South Carolina. The record reveals that Telrite's principal headquarters will be located in Covington, Georgia. Telrite requests permission to maintain its books and records at its headquarters in that city and state. The Commission

finds Telrite's requested waiver reasonable and understands the difficulty presented to Telrite should the waiver not be granted. The Commission therefore grants the requested waiver that Telrite be allowed to maintain its books and records at its principal headquarters. However, Telrite shall make available its books and records at all reasonable times upon request by the Commission or the Commission Staff, and Telrite shall promptly notify the Commission if the location of its books and records changes.

13. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

14. This Order shall remain in full force and effect until further notice by this Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
O'Neal Hamilton, Vice-Chairman

(SEAL)